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## NEWS RELEASE

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### **Fruit Heights Man Consents to Order, Admits Real Estate Fraud**

***\$143,000 taken from investors who relied on his claims of real estate expertise ...***

**SALT LAKE CITY, Utah** – The Utah Division of Securities today issued an Order requiring Michael S. Hurst, of Fruit Heights, to cease and desist violating the securities laws and imposing a \$10,000 fine. Payment of the fine was waived based on Hurst's admission of the conduct and having paid \$143,900 in restitution to defrauded investors.

In the Order, Hurst admitted that he, along with a partner, Kevin L. Wright of Washington County, persuaded a pair of investors to obtain \$810,000 in loans on a \$590,000 home. At closing, \$128,400 was sent to Reminders, Inc., a company controlled by Hurst and his wife. Another \$15,000 was used to pay a prior debt owed by Wright. Hurst used \$125,000 of the money he received from the investors to purchase uncut diamonds. Hurst later lost this money.

The investors, however, had been told a very different story. They had been told the difference between the purchase price of the home and the loan amount would be available to invest. That money was to have been invested in a high-yield fund called the Capital Enhancement Club. These investments would return 8-10% profit annually. The investors were told they would be given \$75,000 of the money to use as a backup for the mortgage payment. Wright and Hurst said they owned ten other homes and could help with the mortgage payments if there were problems.

Investors never received the \$75,000 backup money. None of the money went to the Capital Enhancement Club. The investors were not told that Wright had \$327,225 in unpaid judgments outstanding against him and owed \$56,970 in delinquent state income taxes. They were not told that their money would be used by Hurst for an investment in uncut diamonds.

In March 2006, the Utah Attorney General filed criminal charges against Wright and Hurst. They both pled guilty in July and were sentenced in September 2006. As part of their plea agreement, they repaid the money taken from investors. At that time, Hurst was sentenced to five years in prison, ordered to pay a \$1,000 fine, and required to perform 500 hours of community service. The prison sentence was suspended based on the restitution paid.

Today's Order concludes this case, which was initiated in February 2006. A default order was entered previously against Wright.